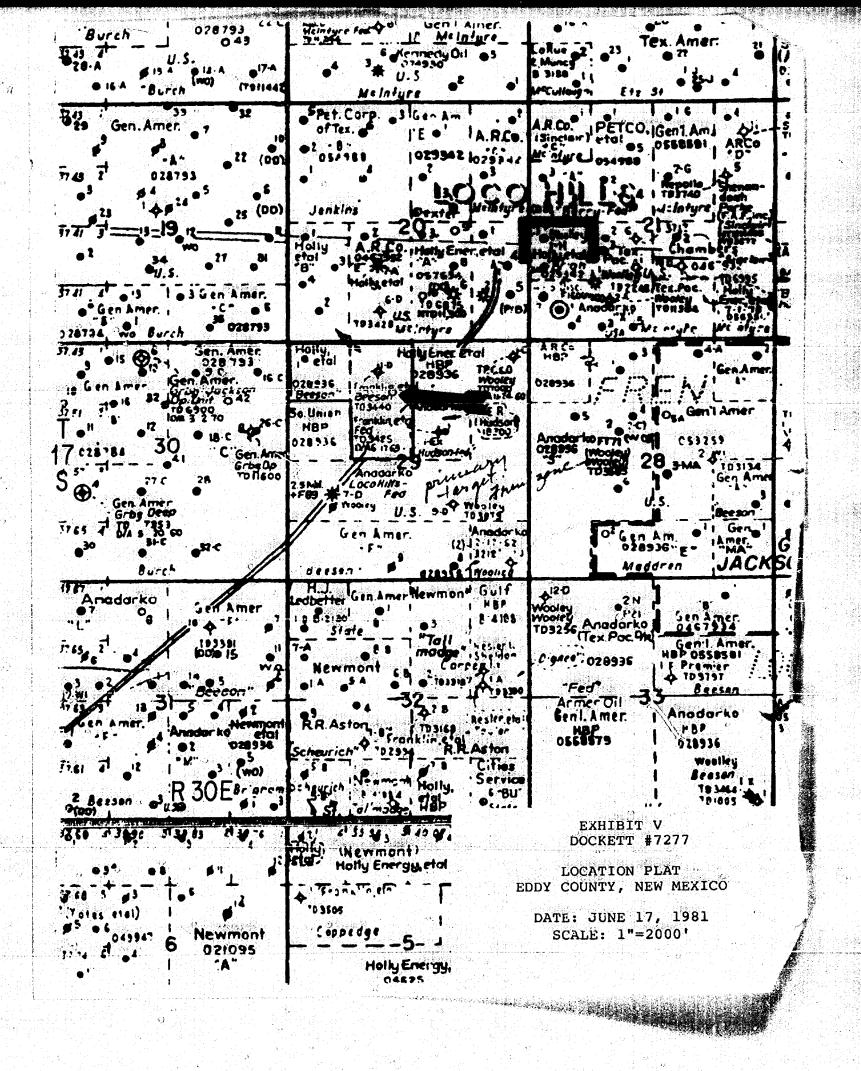


7017

Application

Transcripts

Small Exhibits



STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 17 June 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Holly Energy, Inc., for an unorthodox oil well location, Eddy County, New Mexico.

7277

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fé, New Mexico 87501

For the Applicant:

Chad Dickerson, Esq. LOSEE, CARSON, & DICKERSON Artesia, New Mexico 87501

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2	Q Mr. Harrington, have you previously
3	testified as a geologist and had your qualifications made a
4	matter of record before this Division?
5	A Yes, I have.
6	MR. DICKERSON: Is Mr. Harrington
7	qualified, Mr. Nutter?
8	MR. NUTTER: Yes, he is.
9	0 Mr. Harrington, have you reviewed cer-
10	tain exhibits upon which you intend to rely for your presenta
11	tion in this case?
12	[1] - 2 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1
13	Q Would you turn first to Exhibit Number
14	One, or let's go to Exhibit Number Five, even though out of
15	order, for clarity, and describe what it shows and briefly
16	state what Holly seeks by this application?
17	a. Exhibit Number Five is an expanded
18	lease ownership map with well locations identified on it.
Notes a	Outlined in red is the Beeson " D" lease of Holly Energy, Inc
20	and the proposed location, unorthodox location indicated by
21	the red arrow.
22	Q And you said proposed unorthodox loca-
23	tion, which formation is to be tested?
24	a. The primary objective of the well to
25	be drilled at the proposed location will be the Fren zone.

- 1	
2	Q What advantage does Holly seek, Mr.
3	Harrington, to drilling by drilling its well at this
4	unorthodox location?
5	A. According to the data, as will be pre-
6	sented, the primary purpose of the unorthodox location will
7	be to an attempt to establish oil production at or below
8	the projected gas/oil contact of the Fren reservoir in on
9	the lease area.
10	Q So you hope to gain production from
i 1	an oil well as opposed to a gas well?
12	A. That's correct.
13	Q Would you refer to Exhibit Number One,
4	Mr. Harrington, and describewhat it shows to the Examiner?
5	A. Exhibit Number One is a structure con-
6	tour map on the top of the San Andres formation. The San
7	Andres structure contours are indicated in black with the
8	사용
9	Also, the red Isoplat contours indicate
	the cumulative production figures mapped for Fren producing
1	wells in the area.
2	In addition, the wells are identified
3	in the following scheme and are so colored on the Exhibit
4	One: The wells colored in green produce from the Fren zone.
5	The wells producing from the Grayburg are colored in gray, and

the Abo producing wells are colored in orange.

Q Is there anything further you'd like to add with respect to Exhibit Number One?

A. Exhibit Number One indicates that the proposed unorthodox location would be at or below the indicated gas/oil contact of plus 640 on the datum of the San Andres structure contour map.

Now turn to Exhibit Number Two Mr. Harrington, and describe for the Examiner what it reflects.

Exhibit Number Two is a stratigraphic cross section extending from the nearest, or one of the Fren producing wells above the projected gas/oil contact to the Franklin-Aston-Fair No. 1 "EX" Federal Well, located to the southeast of the proposed location, and the well which indicated on the stratigraphic section had bailed — bail tested oil from the Fren zone.

Q Refer to Exhibit Number Three and if for convenience you'ld like to refer to Three and Four together, you may.

A Three and Four are additional stratigraphic cross sections indicating the stratigraphic sequence
of formations anticipated to be encountered and indicating
the location of the up-dip, or the gas/oil contact, as opposed to strictly an oil show in the down-dip well.

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Do you have anything further with respect lication, Mr. Harrington?

It is the feeling of Holly Energy, Inthat the drilling of the proposed unorthodox 11 result in the extension of oil production in 1 Field to the west, and recoveries are anticipated nt of approximately 20,000 barrels per location apped gas/oil contact.

In your opinion, Mr. Harrington, will l of this application be in the interest of conthe prevention of waste, and the protection of rights?

Yes.

MR. DICKERSON: Mr. Examiner, we move on of Holly Exhibits One through Five and that's tions we have.

MR. NUTTER: Exhibits One through Five will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

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Now, Mr. Harrington, the location is 1100 feet from the north line and 2300 feet from the west line, so it's actually in an east/west direction, it's a

east. That appears to be Anadarko from your ownership olate here. A. That is correct. Q. So you're not crowding Anadarko. A. No. Q. But you are moving the location furth south than it would normally be. A. That's correct, the normal location would be 990. Q. And Holly owns that acreage to the south? A. That's correct. Q. So in effect, you're crowding yoursel only. A. That's also correct.	standard .	location, 1	s that correct?
east. That appears to be Anadarko from your ownership olate here. A That is correct. Q So you're not crowding Anadarko. A No. Q But you are moving the location furth south than it would normally be. A That's correct, the normal location would be 990. Q And Holly owns that acreage to the south? A That's correct. Q So in effect, you're crowding yoursel only. A That's also correct. Q And the sole purpose for the unorthod location is to obtain a better geological structural positi. Is that correct? A Yes, that's correct.		A .	That is correct.
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But you are moving the location furth south than it would normally be. A. That's correct, the normal location would be 990. Q. And Holly owns that acreage to the south? A. That's correct. Q. So in effect, you're crowding yoursel only. A. That's also correct. Q. And the sole purpose for the unorthod location is to obtain a better geological structural positi. Is that correct? A. Yes, that's correct.		Q	So you're not crowding Anadarko.
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A That's correct. Q So in effect, you're crowding yoursel only. A That's also correct. Q And the sole purpose for the unorthod location is to obtain a better geological structural positions that correct? A Yes, that's correct.		Q ,	And Holly owns that acreage to the
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A. That's also correct. Q. And the sole purpose for the unorthod location is to obtain a better geological structural position. Is that correct? A. Yes, that's correct.		Q	So in effect, you're crowding yoursel
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Is that correct? A Yes, that's correct.		Q	And the sole purpose for the unorthode
A Yes, that's correct.	location i	s to obtain	a better geological structural position
그러나 보다 하다 마음 역사 경기 그 사람들은 불교로 마을 때 모든 장마리 그리고 하는 그 프랑테 라스 보고 하고 있다고 있다. 그렇게 보고 하는 생생하는 그들은 이 스리스를 들어보고 있는 요즘 프로그리고 하고 있는 그릇을 모두 주고를 하고 있다. 그는 사람들이	Is that co	rrect?	
MR. NUTTER: Are there any further			Yes; that's correct.
			MR. NUTTER: Are there any further

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CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sary W. Boyd CSR

I do here, continued that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 22.77 heard by me on 1981.

ALLY W. BOYD, C.S.(
Ri. 1 Box 193-B
Sania Fe, New Marico 87301
Phone (303) 435-7409



STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

July 2, 1981

POST OFFICE BOX 2008
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 67501
(505) 1627-2434

	Re: CASE NO. 7277
Mr. Chad Dickerson	ORDER NO. R-6717
Losee, Carson & Dickerson Attorneys at Law	
Post Office Box 239	Applicant:
Artesia, New Mexico 88210	
	Holly Energy, Inc.
Dear Sir:	고 말로는 보여 하시고 된 레이크 교로로 해고 함께 되었다. 하고 있는 그렇게 보고 있다면 하는 사람들이 되었다.
Enclosed herewith are two cop	
Division order recently enter	red in the subject case.
Pours very truly,	
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JOE D. RAMEY	도 전 기계 (1) 등 시간 기계 (1) 등 기계 (
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[발발시발하다] 요리를 다음하는 사람이다.	원하는데 보고 이 만나는 것 하나 있다면요?
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부모였다 말하는 이 보이는 이렇게 되었다.	
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Copy of order also sent to:	요하는 것이 되는 것이 되었다. 그래도 그 전에 걸려 공격하는 경기 등 기가 있는 것이 수 있었다. 하는 것 공기 등 기가 있는 것이 되었다.
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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 7277 Order No. R-6717

APPLICATION OF HOLLY ENERGY, INC. FOR AN UNDERTHODOX OIL WELL LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 s.m. on June 17, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <u>lst</u> day of July, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Holly Energy, Ind., seeks approval of an unorthodox oil well location for its Common Well No. 2 to be drilled 1180 feet from the North line and 2700 feet from the West line of Section 29, Township 17 South, Reige 30 East, NAPM, to test the Grayburg and San Andres formations, Grayburg-Jackson Pool, Eddy County, New Mexico.
- (3) That the NE/4 NW/4 of said Section 29 is to be dedi-
- (4) That a well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodex location.

+2~ Case No. 7277 Order No. R-6717

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the sugmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect derrelative rights.

IT IS THEREFORE ORDERED:

- (1) That an unorthodox oil well location for the Grayburg and San Andres formations is hereby approved for the Holly Energy, Inc. Beeson Well No. 2 to be located at a point 1100 feet from the North line and 2300 feet from the West line of Section 29, lownship 17 South, Range 30 East, NMPM, Grayburg-Jackson Pool, Eddy County, New Mexico.
- (2) That the NE/4 NW/4 of said Section 29 shall be dedi-
- (3) That jurisdiction of this cause is retained for the ptry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-

-STATE OF NEW MEXICO OXL CONSERVATION QIVISION

JOE D. RAMEY Director

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Dockets Nos. 20-61 and 21-61 are tentatively set for July 2 and 15, 1981. Applications for hearing must be filed at least 22 days in sevence of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 17, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE BOOM. STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Mutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1961, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for July, 1981, from four prorated pools in Sen Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7273: Application of Blanks Energy Corporation for an unorthodox oil well location and possible directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the South line and 900 feet from the East line of Section 16, Township 18 South, Range 35 East, South Vacuum-Devonian Pool, the S/2 SE/4 of said Section 16 to be dedicated to the well. If commercial production is not obtained at said location, applicant proposes to come back up the hole and directionally drill in a westerly direction and bottom the well in the Devonian formation at a standard location in the SW/4 SE/4 of said Section 16.
- CASE 7274: Application of Bass Enterprises Production Company for directional drilling, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks authority to directionally drill its James Rench Unit
 Well No. 13 from an unorthodox surface location 660 feet from the South line and 1340 feet from the East line of Section 36, Township 22 South, Range 30 East, in such a manner as to bottom said well in the Morrow formation at a standard location at least 660 feet from the South line and 1980 feet from the West line of Section 31, Township 22 South, Range 31 East, the S/2 of said Section 31 to be dedicated to the well.
- CASE 7275: Application of S. P. Yates for compulsory pooling, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the N/2 of Section 21, Township 19 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- Application of Yates Petroleum Corporation for amendment of Order No. R-5527, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-5527, which approved an unorthodox Morrow location, to permit the recompletion of its Blevins "IK" Well No. 1 in Unit D of Section 35, Township 17 South, Range 26 East, as an unorthodox gas well location in all Wolfcamp and

. CASE 7263: (Continued from June 3, 1981, Examiner Hearing)

Pennsylvanian formations.

- CASE 7276: Application of Mobil Producing Texas & New Mexico Inc. for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to the following depths underlying the following 40-acre tracts in Township 25 South, Range 37 East: NE/4 SE/4 of Section 4: 3327 feet; NE/4 SH/4 of Section 3: 3215 feet; and NE/4 NW/4 of Section 15: 3206 feet.
- OASE 7277: Application of Holly Energy, Inc. for an unorthodox oil well location, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Beeson Well No. 2 to be drilled 1100 feet from the North line and 2300 feet from the West line of Section 29, Township 17 South, Range 30 East, Grayburg-Jackson Pool, the NE/4 NW/4 of said Section 29 to be dedicated to the well.
- CASE 7278: Application of Pollution Control, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the E/2 NW/4 of Section 18, Township 20 South, Range 33 East.

- CASE 7279: Application of BCO, Inc. for downhole commingling, Rio Arriba County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Lybrook-Gallup production in the wellbores of the following wells located in Township 23 North, Range 7 West: Dunn Well No. 3 located in Unit I of Section 3 and State H Wells Nos. 3 and 4, located in Units M and D, respectively, of Section 2.
- CASE 7280: Application of Northwest Pipeline Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Rosa Unit Well No. 77 located in Unit L of Section 33, Township 31 North, Range 5 West, to produce gas from the Mesaverde formation and commingled Gallup and Dakota production through separate of tubing.
- CASE 7281: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated
 Gallup and Basin-Dakota production in the wellbore of its Windfall Well No. 10 located in Unit F of
 Section 31, Township 26 North, Range 11 West.
- CASP 7282: Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wildhorse-Callup and Rasin-Dakota production in the wellbore of his Apache Well No. 3-E located in Unit H of Section 19, Township 26 North, Range 3 West.
- CASE 7254: (Continued from May 20, 1981, Examiner Hearing)

Application of Mesa Petroleum Company for compulsory pooling, San Juan County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the W/2 of Section 15, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7270: (Continued from June 3, 1981, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 21, Township 19 South, Range 27 East, to be dedicated to its Pecos River Federal 21-A Com Well No. 1 drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7250: (Continued from June 3, 1981, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 22, Township 18 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

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Phone: 505-746-6161

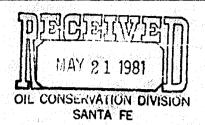
P. O. Box 726

Artesia, N. M. 88210

ENERGY, INC.

Mr. Joe D. Ramey Oil Conservation Division Energy & Minerals Department P.O. Box 2088 Santa Fe. New Mexico 87501

Attention: Joe D. Ramey



May 19, 1981

Case 7277

Re: Non Standard Oil Well Location Sec. 29 T-17S R-30E Eddy County, New Mexico Beeson Federal #2

Gentlemen:

Holly Energy Inc. respectfully requests that a hearing be called to consider Holly's application for a permit to drill Beeson D Féderal #2 at a non-standard location, which will require an exception to paragraph C-I of Rule 164, of the Oil Conservation Divisions Rules and Regulations.

The requested location is 1100 feet FNL and 2300 feet FWL of Section 29, T-17S R-30E. Rule 104 paragraph C-1 requires that a well will be not closer than 330 feet to the nearest end boundary.

Livery were a management to the property and the second state of the second second second second second second

The proposed well is projected to a depth of 3330 feet to test the San Andres.

Sincerely Yours

Robert Loyd

Dist. Superintendent

Holly Energy Inc.

PERSON

	All All		the auter boundaries of	THE SOCIETY MAY	2 1 1981
"Holly	Energy Corp		Beeson		ATION DIVISION
•!!•r C	Section Towns	17South	flomge 30East	County SAN	ITA FE
Footage Loca					
1100	Producting Formation	line and	2300 1==	t from the West	line Dedicated Acreage:
3610.7		Indres	Grayburg-Jacks	on	40 4
dated by co	n one lease of differen ommunitization, unitiza	ion, force-pooling. s "yes;" type of c	etc?		
	Holly CLC-028936			h interests, has bee	n approved by the Commercial CERTIFICATION certify that the information are in a true and complete to
	2300'			Name	ny knowledge and bejief. Tay G ert Loyd
				Super Company Hol	erintendent Ly Energy Inc.
				Date	

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 17 June 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Holly Energy, Inc., for an unorthodox oil well location, Eddy County, New Mexico.

CASE 7277

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation

Division:

Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501

For the Applicant:

Chad Dickerson, Esq. LOSEE, CARSON, & DICKERSON Artesia, New Mexico 87501

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GERALD E.	. HARRING	FTON				
	Direc	ct Examina	ation by	Mr. Dic	kerson	
	Cross	s Examinat	tion by 1	Ar. Nutt	er	
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Applicant	. Exhîbit	One, Sti	cucture M	lap		
Applicant	. Exhibit	Two, Cro	ss Secti	on		
Applicant	Exhibit	Three, (cross Sec	tion		
Applicant	Exhibit	Four, Cr	oss Sect	ion		
Applicant	Exhibit	Five, Ma	₽			

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答法

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MR. NUTTER: Call Case Number 7277. 1 2 Case 7277 is Application of Holly Energy, Inc., for an unorthodox oil well location, Eddy 3 County, New Mexico. MR. DICKERSON: Chad Dickerson from Artesia, on behalf of the applicant. Mr. Examiner, I will have one witness. 7 (Witness sworm.) 10 11 GERALD E. HARRINGTON being called as a witness and being duly sworn upon his oath, 12 13 testified as follows, to-wit: 14 15 DIRECT EXAMINATION 16 BY MR. DICKERSON: 17 Will you state your name, your occupa-18 tion, and where you reside, please? I'm Gerald E. Harrington, a consulting 19 geologist, residing at 3007 Edgewood, Roswell, New Mexico. 20 21 Mr. Harrington, in what capacity do 22 you appear here on behalf of Holly Energy, Inc.? I have been retained by Holly Energy, 23 24 Inc., to present testimony in Case Number 7277.

Mr. Harrington, have you previously testified as a geologist and had your qualifications made a matter of record before this Division?

A. Yes, I have.

MR. DICKERSON: Is Mr. Harrington

qualified, Mr. Nutter?

MR. NUTTER: Yes, he is.

A. I have.

Q Would you turn first to Exhibit Number One, or let's go to Exhibit Number Five, even though out of order, for clarity, and describe what it shows and briefly state what Holly seeks by this application?

A. Exhibit Number Five is an expanded lease ownership map with well locations identified on it.

Outlined in red is the Beeson " D" lease of Holly Energy, Inc. and the proposed location, unorthodox location indicated by the red arrow.

Q. And you said proposed unorthodox location, which formation is to be tested?

The primary objective of the well to be drilled at the proposed location will be the Fren zone.

	Section 1					5	
	Q	What a	dvantage	does H	olly se	eek, Mr	
Harrington,	to drill	ing b	y drilli	ng its	well at	this:	
unorthodox	location?						
	A.	Accord	ing to t	he data	, as wi	11 be	pre-
sented, the	primary	purpose	of the u	northod	ox loca	ation w	111
be to an	attempt	to estab	lish oil	produc	tion at	or be	low
the project	ed gas/oi	1 contac	t of the	Fren r	eservoi	r in -	- on
the lease a	rea.						
	Q	So you	hope to	gain p	roducti	on fro	m
an oil well	as oppos	ed to a	gas well	?			
	A.	That's	correct		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
	Q .	Would	you refe	r to Ex	hibit N	lumber	One,
Mr. Harring	ton, and	describe	what it	shows to	o the E	xamine	r?
	A.	Exhibi	t'Number	One is	a stru	icture	con-
tour map on	the top	of the S	an Andre	s forma	tion.	The Sa	n
Andres struc	cture con	tours ar	e indica	ted in	black w	vith th	e
datums.							
		Also,	the red	Isoplat	conto	rs ind	icate
the cumulat	ive produ	ction fi	gures ma	pp ed fo	r Fren	produc	ing
wells in the	e area,						
		In add:	ition, t	he well:	s are i	dentif	ied
in the follo	owing sch	eme and	are so c	olored	on the	Exhibi	t
그렇게 됐네요?							
	unorthodox sented, the be to an the projecte the lease as an oil well mr. Harring tour map on Andres struct datums. the cumulati wells in the	Harrington, to drill unorthodox location? A. sented, the primary be to an attempt the projected gas/oi the lease area. Q. an oil well as oppos A. Q. Mr. Harrington, and A. tour map on the top Andres structure con datums. the cumulative produ wells in the area, in the following sch	Harrington, to drilling bunorthodox location? A. Accordance sented, the primary purpose be to an attempt to establish the projected gas/oil contact the lease area. Q. So you an oil well as opposed to a a. That's Q. Would Mr. Harrington, and describe A. Exhibitiour map on the top of the S. Andres structure contours are datums. Also, the cumulative production filtwells in the area. In adding the following scheme and a series of the series of the following scheme and a series of the series of the following scheme and a series of the following scheme and a series of the series of the series of the following scheme and a series of the serie	Harrington, to drilling by drilling unorthodox location? A. According to the sented, the primary purpose of the unbe to an attempt to establish oil the projected gas/oil contact of the the lease area. Q. So you hope to an oil well as opposed to a gas well a. That's correct Q. Would you refer the man of the top of the San Andrew tour map on the top of the San Andrew Andres structure contours are indicated datums. Also, the red the cumulative production figures man wells in the area. In addition, the in the following scheme and are so contours are indicated to the cumulative production figures man wells in the area.	Harrington, to drilling by drilling its unorthodox location? A According to the data sented, the primary purpose of the unorthod be to an attempt to establish oil product the projected gas/oil contact of the Fren rethe lease area. Q So you hope to gain per an oil well as opposed to a gas well? A That's correct. Q Would you refer to Exemple the following scheme and are so colored of the cumulative production figures mapped for wells in the area. In addition, the well in the following scheme and are so colored of the colored attemption and are so colored of the colored and are so colored of the colored attemption and are so colored attemption attemption and are so colored attemption and are so colored attemption attemption and are so colored attemption	Harrington, to drilling by drilling its well as unorthodox location? A According to the data, as we sented, the primary purpose of the unorthodox located to an attempt to establish oil production at the projected gas/oil contact of the Fren reservoing the lease area. Q So you hope to gain production and oil well as opposed to a gas well? A That's correct. Q Would you refer to Exhibit Mr. Harrington, and describe what it shows to the Exhibit Number One is a structure map on the top of the San Andres formation. Andres structure contours are indicated in black we datums. Also, the red Isoplat contour the cumulative production figures mapped for Fren wells in the area. In addition, the wells are in the following scheme and are so colored on the	What advantage does Holly seek, Mr Harrington, to drilling by drilling its well at this unorthodox location? A According to the data, as will be sented, the primary purpose of the unorthodox location w be to an attempt to establish oil production at or be the projected gas/oil contact of the Fren reservoir in the lease area. Q So you hope to gain production fro an oil well as opposed to a gas well? A That's correct. Q Would you refer to Exhibit Number Mr. Harrington, and describewhat it shows to the Examine A Exhibit Number One is a structure tour map on the top of the San Andres formation. The Sa Andres structure contours are indicated in black with th datums. Also, the red Isoplat contours ind the cumulative production figures mapped for Fren produc

The wells producing from the Grayburg are colored in gray, and

the Abo producing wells are colored in orange.

Q Is there anything further you'd like to add with respect to Exhibit Number One?

A Exhibit Number One indicates that the proposed unorthodox location would be at or below the indicated gas/oil contact of plus 640 on the datum of the San Andres structure contour map.

Q Now turn to Exhibit Number Two, Mr.

Harrington, and describe for the Examiner what it reflects.

A. Exhibit Number Two is a stratigraphic cross section extending from the nearest, or one of the Fren producing wells above the projected gas/oil contact to the Franklin-Aston-Fair No. 1 "EX" Federal Well, located to the southeast of the proposed location, and the well which indicated on the stratigraphic section had bailed -- bail tested oil from the Fren zone.

Q Refer to Exhibit Number Three and if for convenience you'ld like to refer to Three and Four together, you may.

Three and Four are additional stratigraphic cross sections indicating the stratigraphic sequence
of formations anticipated to be encountered and indicating
the location of the up-dip, or the gas/oil contact, as opposed to strictly an oil show in the down-dip well.

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2	Q Do you have anything further with respect
3	to this application, Mr. Harrington?
4	A. It is the feeling of Holly Energy, In-
5	corporated, that the drilling of the proposed unorthodox
6	location will result in the extension of oil production in
7	the Fren Oil Field to the west, and recoveries are anticipated
8	in the amount of approximately 20,000 barrels per location
9	below the mapped gas/oil contact.
0	Q. In your opinion, Mr. Harrington, will
1	the approval of this application be in the interest of con-
2	servation, the prevention of waste, and the protection of
3	correlative rights?
4	는 사람들이 가는 사람들이 되었다. 그는 사람들이 들어 가장 보고 있는 것이 되었다. 그런 사람들이 되었다. 그는 사람들이 되었다.
5	MR. DICKERSON: Mr. Examiner, we move
5	the admission of Holly Exhibits One through Five and that's
7	all the questions we have.
)	MR. NUTTER: Exhibits One through Five
•	will be admitted in evidence.
•	실어 보다는 것이 되었다. 그 사는 사람들은 사람들은 사람들은 사람들은 사람들은 사람들은 사람들은 사람들은
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	<u>경기는 성공을 생물 경찰 경찰을 하</u> 다고 하는데 보고 하는데 보고 되는데 그를 하는데 하는데 하는데 하는데 하는데 사람들이 되었다. 그리는 말 없다.

BY MR. NUTTER:

Now, Mr. Harrington, the location is 1100 feet from the north line and 2300 feet from the west line, so it's actually in an east/west direction, it's a

1		
2	standard location, is	that correct?
3		That is correct.
4	Q	So Holly doesn't own the acreage to the
5	east. That appears t	o be Anadarko from your ownership olat
6	here.	
7	Ä.	That is correct.
. 8	Q	So you're not crowding Anadarko.
9	A.	No.
10	(1) 1	But you are moving the location further
11	south than it would n	ormally be.
12		That's correct, the normal location
13	would be 990.	- 경기 :
14	Q the last	And Holly owns that acreage to the
15	south?	보다. 남에는 말로 함께 하다는데 하다 보고 하고 있다. 그런 말 보면 말로 있는 목에게 모든데 소문을 하는데 하고 있는데 함께 함께를
16		That's correct.
17		So in effect, you're crowding yourself
18	only.	요. 사용 보고 있는 이번 그리고 보고 하는 것이 되는 것이 되었다. 근데 보통 보고 하면 있는 보고 있다고 있는 것 같아 있는 것이다.
19	A	That's also correct.
20		And the sole purpose for the unorthodox
21	location is to obtain	a better geological structural position.
22	Is that correct?	
23		Yes, that's correct.
24		MR, NUTTER: Are there any further
25	questions of Mr. Harri	ngton? He may be excused.

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Do you have anything further, Mr.
    Dickerson?
3
                          MR. DICKERSON: No, sir.
                          MR. NUTTER: Does anyone have anything
    they wish to offer in Case Number 7277?
                           We'll take the case under advisement.
7
                           (Hearing concluded.)
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CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Savey W. Boyd COR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 22.23 heard by me on 6/17

Examiner Oil Conservation Division

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

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HIR .	CASE NO.	7277	
	ORDER NO.	R-(_)/7	
APPLICATION OF HOLLY ENERG	Y, INC.	6	
FOR AN UNORTHODOX OIL WELL	LOCATION,		
EDDY COUNTY,	NEW MEXICO.		
ORDER OF	THE DIVISION		
BY THE DIVISION:			
This cause came on for	hearing at 9	a.m. on	June 17
19 ⁸¹ , at Santa Fe, New Me	a sasar nga Sarah na Palitin Sarah na S		
NOW, on thisday			and the control of th
Director, having considered	gwath a late film are to the	Carlotte San Alberta Carlotte	
recommendations of the Exami			
premises,			
FINDS:			
law, the Division has jurisd	liction of this	cause and	the subject
matter thereof.			
(2) That the applicant for its Beeson Well No. 2	Holly Ene	egy, inc.	
seeks abbroast of an mortho	dox oil well l		1100
feet from the North 11	ne and 2300	feet fi	com the
West line of Section	29 , Townsh	ip 17 St	outh
Range 30 East NMP	M, to test the	Brayla	urg and
formations Grayburg-Jackso			Eddy
County, New Mexico.			
(3) That the NE/4 NW/4	of said Section	n 29	
arangan kanggaran dan kanan dan kanggaran kanggaran kan ggaran kan			

dedicated to the well. (4) That a well at said unorthodox location will better enable applicant to produce the arphi i underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

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(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

formations is he	1.0 to \$4 ft 5 to 10 to 10 ft 10 to					arrana a	<u>.00</u>
feet from the _	NOPEN	line and $_$	2300 fee	t from	the	West	
line of Section	29	, Township	17 South	•	Range	30 Eas	; ŧ
NMPM.	Grayburg.	-Jackson		Pool,	Edo	dy	_ County,

- (2) That the NE/4 NW/6 f said Section 29 shall be dedicated to the above-described well.
- (3) That jurisdiction of this cause is retained for the entry of such further orders as the Division, may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.